

## **BILL ANALYSIS**

Senate Research Center  
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H.B. 1706  
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Business & Commerce  
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Engrossed

### **AUTHOR'S / SPONSOR'S STATEMENT OF INTENT**

Some insurance carriers, including surplus lines insurers who are not regulated by the state, restrict a policyholder's ability to hire a public insurance adjuster to assist in negotiating a claim yet preserve their own ability to send a licensed adjuster to inspect the claim. This is unfair to consumers and business owners, who may not realize this restriction is in their insurance policy. H.B. 1706 seeks to address this issue and level the playing field by establishing an insured's right to hire a public insurance adjuster, if desired, under a commercial or residential property insurance policy in Texas.

H.B. 1706 amends the Insurance Code to establish the right of an insured to enter into a contract with a licensed public insurance adjuster to help the insured meet their obligations under their insurance policy. The bill prohibits an insurance policy issued in Texas from impeding or prohibiting this right and establishes that an insured is not required to enter into such a contract. These provisions apply to a commercial or residential property insurance policy issued by an insurer, including the following:

- a capital stock insurance company;
- a mutual insurance company;
- a county mutual insurance company;
- a Lloyd's plan;
- a reciprocal or interinsurance exchange;
- a farm mutual insurance company; and
- an eligible surplus lines insurer if Texas is the insured's home state.

These provisions apply only to an insurance policy delivered, issued for delivery, or renewed on or after January 1, 2024.

H.B. 1706 amends current law relating to the right of an insured to enter into a contract with a public insurance adjuster.

### **RULEMAKING AUTHORITY**

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

### **SECTION BY SECTION ANALYSIS**

SECTION 1. Amends Subchapter A, Chapter 4102, Insurance Code, by adding Section 4102.007, as follows:

Sec. 4102.007. RIGHT TO CONTRACT WITH LICENSE HOLDER. (a) Provides that this section, notwithstanding Sections 4001.002 (Applicability) and 4102.002 (General Exemptions), applies to a commercial or residential property insurance policy issued by an insurer, including:

- (1) a capital stock insurance company;
- (2) a mutual insurance company;

- (3) a county mutual insurance company;
  - (4) a Lloyd's plan;
  - (5) a reciprocal or interinsurance exchange;
  - (6) a farm mutual insurance company; and
  - (7) an eligible surplus lines insurer if this state is the insured's home state as defined by Section 981.002 (Definitions).
- (b) Provides that an insured has the right to enter into a contract with a license holder to help the insured meet the insured's obligations under the insured's insurance policy. Prohibits an insurance policy issued in this state from impeding or prohibiting this right.
- (c) Provides that an insured is not required to enter into a contract described by Subsection (b).

SECTION 2. Makes application of Section 4102.007, Insurance Code, as added by this Act, prospective to January 1, 2024.

SECTION 3. Effective date: September 1, 2023.